



DEPARTMENT OF THE NAVY
PROGRAM EXECUTIVE OFFICER, COMMAND, CONTROL, COMMUNICATIONS,
COMPUTERS AND INTELLIGENCE AND SPACE
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Ser PEO C4I/294

DEC 19 2005

From: Program Executive Officer, Command, Control,
Communications, Computers and Intelligence and Space

Subj: POLICY FOR IMPLEMENTATION OF EARNED VALUE MANAGEMENT
WITHIN THE PEO C4I AND SPACE

Ref: (a) DoDI 5000.2 of 12 May 03
(b) SECNAVINST 5000.2C
(c) USD Memo 7 Mar 05, Revision to DOD Earned Value
Management Policy
(d) Defense Acquisition Guidebook of 20 Dec 04
(e) ANSI/EIA-748-98, Earned Value management System
Standard
(f) MIL-HNBK-881A, Work Breakdown Structure
(g) Memorandum of Agreement between COMSPAWAR and PEO (C4I
and Space) of 22 Sept 03

Encl: (1) EVM Reference Guide
(2) EVM Waiver Request

1. Purpose. To establish PEO(C4I and Space) policy governing
the implementation of Earned Value Management(EVM).

2. Applicability and Scope. This policy is applicable to all
future contracts and contract actions for funded efforts within
the PEO (C4I and Space) Total Obligation Authority (TOA). This
includes Programs of Record (POR), Abbreviated Acquisition
Programs (AAPs), Pre-Acquisition Activities of planned PORs, and
PEO Projects. This policy is not retroactive to existing or
past contract actions.

3. Policy. References (a) through (d) provide policy,
regulatory guidance and mandatory implementation procedures for
utilization of EVM for all DON acquisition Programs. Enclosure
(1) is provided to assist the Program Manager in the
implementation of EVM. Additional guidance and best practices
can be found in enclosure (1) and at the following OSD and DAU
websites:

a. <http://www.acq.osd.mil/pm>

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b. <https://acc.dau.mil/evm>

4. Responsibilities. PEO (C4I and Space) Program Managers shall:

a. Adhere to DOD policy requiring the implementation, in accordance with Reference (e), of EVM for all cost or incentive contracts, subcontracts, intra-government work agreements, and other agreements (including efforts where the Government performs as a prime with Echelon III activities), valued at or greater than \$20 million (then-year dollars). Where these efforts are equal to or greater than \$50 million (then-year dollars), ensure the EVM system used has been formally validated and accepted in accordance with References (c) and (e). Efforts shall not be artificially divided into separate contracts and delivery orders for the purpose of not exceeding thresholds where EVM would be required.

b. Submit a request for EVM implementation authorization in accordance with enclosure (2) to the Milestone Decision Authority (MDA) on contracts below \$20 million (then-year dollars), or for Firm Fixed price, Level of Effort, or Time and Material contracts of any dollar value. Additionally, to support a risk-based decision by the MDA regarding EVM the waiver submission must include a cost-benefit analysis supporting the implementation of EVM on these efforts.

c. Include applicable DFARS Clauses (252.242-7001 for solicitations and 252.242-7002 for contracts) in contracts equal to or greater than \$50 million (then-year dollars).

d. Include the following paragraph in the statement of work/statement of objective (SOW/SOO) for cost or incentive contracts valued at or greater than \$20 million, but less than \$50 million (then year dollars), or on cost or incentive contracts valued at less than \$20 million (then-year dollars) if a risk-based MDA decision has been made to require EVM:

"In regard to DFARS 252-234-7001 and 252-234-7002, the contractor is required to have an Earned Value Management System that complies with ANSI/EIA-748; however, the government will not formally validate/accept the contractor's management system (no formal review)."

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The SOW EVM paragraph is applied until the new DFAR clauses are approved for contracts between \$20M and \$50M, 252.242-7005 (Solicitation Provision) and 252.242-7006 (Contract Clause).

e. Establish a Memorandum of Agreement (MOA) with the cognizant Contract Administration Office for the surveillance, duties, and analysis of EVM per reference (d).

f. Coordinate support requirements with our enterprise Subject Matter Experts, SPAWAR 01-6 and SPAWAR 02 IAW Reference (g).

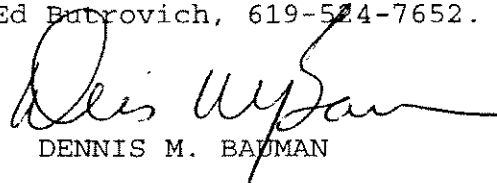
g. Utilize reference (f) as the common DOD Work Breakdown Structure in the Contract Performance Report (CPR) (Data Item Description number DI_MGMT-81466) and Contractor Cost Data Report (CCDR). Use of Cost/Schedule Status Reports (C/SSR) was rescinded by reference (c) and shall not be used to satisfy the EVM reporting requirement on future contract awards.

h. Both SPAWAR 01-6 and SPAWAR 02 shall be included for distribution on the DD Form 1423, Contract Data Requirement List (CDRL) for CPRs and CCDRs. Program Managers shall require an Integrated MasterSchedule (IMS) (DID Number DID-MGMT-81650) and conduct an Integrated Baseline Review (IBR) whenever EVM is required.

i. Program Managers should convene an Acquisition Coordination Team (ACT) meeting to address Over Target Baseline when they occur and risk mitigation plans, and PMs shall convene the ACT to provide execution status when the work on contract is 15% completed.

j. Ensure that EVM, when required, is included in associated acquisition documents, including Acquisition Plans, Request for Proposals, and SOW/SOOs. Additionally, to ensure effective quarterly EVM Metric reporting by the Acquisition Management Office, PMs shall keep the appropriate sections of the PEO (C4I and Space) AMO database and quarterly DASHBOARD reports current with all EVM activity.

k. Please direct inquiries on this subject to the PEO (C4I & Space) Acquisition Manager, Ed Butrovich, 619-524-7652.


DENNIS M. BAUMAN

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DISTRIBUTION:

PMW 140

PMW 150

PMW 160

PMW 170

PMW 180

PMW 750

PMW 760

PMW 770

PMW 780

PMW 790

SPAWAR 01-6

PEO (C4I & SPACE) BFM, AM, T, D, DPEO

Earned Value Management Reference Guide

KEY REFERENCES:

Cost Performance/EVMS Criteria for Mandatory Procedures and Reporting	DOD 5000.2, Table E3T2
Defense Acquisition Executive Summary	Defense Acquisition Guidebook para 10.9.4
Contract Management Reports	Defense Acquisition Guidebook para 11.3.2.2

CONTRACT DATA REQUIREMENTS LIST (CDRLs):

DI-MGMT-81466	Cost Performance Report (CPR)
DI-MGMT-81468	Contract Funds Status Report (CFSR)
DI-MGMT-81650	Integrated Master Schedule

DEFINITIONS:

(reference: https://acc.dau.mil/simplify/ev_en.php?ID=17993_201&ID2=DO_TOPIC)

EARNED Value: The value of completed work expressed in terms of the budget assigned to that work.

EVMS: Earned value management system is a project management tool that effectively integrates the project scope of work with cost, schedule and performance elements for optimum project planning and control. The qualities and operating characteristics of earned value management systems are described in American National Standards Institute (ANSI)/ Electronics Industries Alliance (EIA) Standard-748, Earned Value Management systems (See OMB Circular A-11, Part 7.).

IBR: Integrated Baseline Review (IBR) is conducted to verify the technical content and the realism of the related performance budgets, resources, and schedules. It should provide a mutual understanding of the inherent risks in offerors'/contractors' performance plans and the underlying management control systems, and it should formulate a plan to handle these risks. IBR's are usually conducted within the first six months after contract award.

OTB: An Over Target Baseline is a contract budget base that was reprogrammed to include ADDITIONAL performance budget and therefore EXCEEDs target contract costs. An OTB entails adding budget for either future work or in-process work and possibly adjusting cost and schedule variances and results in a New PMB. ANSI/EIA-748-1998 refers to an OTB as a 'recovery plan' or 'a new baseline' when original objectives cannot be met and new goals are required. If contract cost growth is greater than 15%, an OTB may be warranted.

Enclosure (1)

OTS: Over-Target Schedule is a condition where work is scheduled and the associated budgets are time phased BEYOND the contract target completion date. OTS may be implemented without adding additional budget but usually results in an OTB as well.

PMB: Performance Measurement Baseline is a time phased budget plan against which contract performance is measured.

Rebaselining: Rebaselining is the general term used for describing a major realignment of the PMB to improve the correlation between the work planned and the baseline scope, budget, and schedule.

Reprogramming: Reprogramming is a comprehensive replanning of the remaining PMB that results in a total budget and/or total schedule in excess of contractual requirements. Reprogramming is the process that results in an Over Target Baseline, Over Target Schedule, or both.

Replanning: Replanning is a program control process for realignment of schedule or reallocation of budget for remaining effort WITHIN the existing constraints of the contract.

Earned Value Management Required Matrix

Contract Type	\$	EVM
FFP	Any \$	Requires Waiver to Utilize EVM
Any	< 20 million	Requires Waiver to Utilize EVM
Cost Plus	=/> 20 million < 50 million	Use ANSI
Cost Plus	=/> 50 million	Use Certified EVM

Earned Value Implementation Request

From: Program Officer
To: Program Executive Officer, Command, Control,
Communications, Computers, and Intelligence and Space
Via: PEO (C4I and Space) - Acquisition Manager
Subj: REQUEST AUTHORIZATION TO IMPLEMENT EARNED VALUE MANAGEMENT
(EVM) FOR (PROGRAM NAME)
Ref: (a) Policy for Implementation of Earned Value Management
within the PEO C4I and Space
(b) USD Memo 7 Mar 05, Revision to DOD Earned Value
Management Policy

Encl: (1) Cost-Benefits Analysis

1. Request authorization to waive the requirements of reference
(a) and (b) and implement EVM for (Program Name).
2. A cost-benefit analysis supporting justification for
implementation of EVM for (Program Name) is at the enclosure.

//Signature//

PEO (C4I and Space) Endorsement

Approved _____

Disapproved _____

Enclosure (2)